

Mailed 5/20/2002

Decision 02-03-056 March 21, 2002

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF
CALIFORNIA**

Order Instituting Rulemaking to Examine the Commission's
Future Energy Efficiency Policies, Administration and Programs.

Rulemaking 01-08-028
(Filed August 23, 2001)

**Program Implementation Plan and Budget
Statewide Energy Efficiency Marketing and Outreach Program**

**California Department of Consumer Affairs'
*Flex Your Power – Efficiency Campaign***



Executive Office
400 R Street, Suite 3000
Sacramento CA 95814 (916) 445-4465



May 20, 2002

Docket Office
California Public Utilities Commission
505 Van Ness Avenue, Room 2001
San Francisco, CA 94102

Re: Program Implementation Plan (R.01-08-028)

Please find attached the Program Implementation Plan and budget for the Statewide Energy Efficiency Marketing and Outreach Program being implemented by the California Department of Consumer Affairs.

Questions regarding this document may be directed to me at (916) 445-2553.

A handwritten signature in blue ink that reads 'Taryn Smith'. The signature is fluid and cursive, with a long, sweeping underline.

Taryn Smith
Special Aide to the Director



Executive Office
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**Program Implementation Plan
Public Utilities Commission Decision 02-03-056, Rulemaking 01-08-028**

1. **Program Title: *Flex Your Power – Efficiency Campaign***
2. **Plans to implement decision's changes to original proposal**

2.1 – Program Description

In D.02-03-056, the California Public Utilities Commission (CPUC) granted the Department of Consumer Affairs (Department) \$8.057 million to develop a statewide marketing campaign that focuses exclusively on energy efficiency. In accordance with the decision, the Department will produce a series of advertisements that promote efficiency as a part of the statewide *Flex Your Power* campaign. These ads will complement the ongoing conservation messages of the *Flex Your Power* campaign.

The *Flex Your Power – Efficiency Campaign* will target all Californians with messages that focus on energy efficient products. Overall, the marketing plan for the efficiency campaign includes three messages focused on energy efficient products to air in the spring, summer and fall of 2002. Each of the efficiency messages will air for three weeks via television and radio, and to a lesser degree, in print ads. Markets include general market television, radio and print; Asian television, radio and print; African American print; and Hispanic print.

2.2 – Modifications to Original Proposals

Contract with Southern California Edison (Ordering Paragraph #4)

The CPUC decision designated Southern California Edison (Edison) as the administrator of the day-to-day operation of the statewide marketing and outreach programs. Consequently, the Department must enter into an agreement with Edison which determines a payment and reporting schedule in order to carry out the decision.

The parties have entered into a Funding Transfer Agreement. This agreement formally establishes the manner in which the Department and Edison will implement the terms and conditions of the *Flex Your Power* campaign approved by the CPUC decision.

Change in Message and Market (Ordering Paragraph # 15)

In D.02-03-056, the CPUC awarded the Department \$8.057 million, nearly \$2 million less than requested, and required the Department to develop a statewide marketing campaign that focuses on energy efficiency. The decision also states that the funds are not be used to promote conservation, which has been the main message in the *Flex Your Power* campaign. In addition, Univision was awarded \$2 million for an energy efficiency media campaign targeted to California's Spanish-speaking population. The Department's plans to implement the campaign with these changes are outlined in the "Marketing and Outreach" section of this report.

Consultation with IOUs (Ordering Paragraph #16)

The CPUC also requires the Department to consult with the investor-owned utilities' (IOUs) energy efficiency program managers to coordinate the timing of statewide and IOUs energy efficiency messages and programs. In order to meet this requirement, the Department began participating in weekly conference calls with the energy efficiency program managers from the IOUs and other interested parties on March 29, 2002.

Through these calls, the IOUs have and will continue to participate in the development of timing and content of the efficiency messages. Additionally, the Department has established a procedure to share advance copies of proposed scripts and print ads with the IOUs. The Department will provide the scripts and ad copy to Edison, which will be responsible for sharing the scripts and print ads with the other IOUs. Through this process, the IOUs will be provided an opportunity to comment on the technical aspects of each of the proposed ads.

Website (Ordering Paragraph #16)

The Department's proposal did not include providing efficiency information via the Internet, however, the CPUC's decision states, "Because the DCA's *Flex Your Power* campaign is so well-known, we expect consumers will go to its website for energy efficiency information." The CPUC requires the Department to update its website to reflect the CPUC-funded statewide and local energy efficiency programs. The Department will collect information on CPUC-funded statewide and local efficiency programs from program providers twice in 2002. The information will be incorporated into the California Energy Commission's (CEC) online Rebate and Demand Reduction Database, which can be accessed from the Flex Your Power homepage. Program information will be presented in a user-friendly manner that allows the user to search for the following:

- Rebates and incentives,
- A list of programs provided by a specific utility, company or organization, and/or
- Programs that apply to a certain type of customer, such as residential or industrial.

Additional Conditions

Although the decision states that the CPUC retains all ownership interest in all content developed with the grant funds, the Department retains all rights to use of the Flex Your Power logo. Additionally, CPUC will be responsible for any financial obligation generated as a result of additional use of the creative content developed for the efficiency campaign.

Program Implementation Plan (Ordering Paragraphs Nos. 2 and 3)

The Department has worked closely with Edison and the CPUC's Energy Division to develop this Program Implementation Plan. It contains mandated information described in the CPUC's Energy Efficiency Policy Manual with the exception of those that do not apply to the statewide marketing campaign.

Quarterly Reports

The CPUC Energy Efficiency Policy Manual requires the Department to report on program activities on a quarterly basis. The reporting periods and due dates are outlined below:

<u>Quarter</u>	<u>Timeframe</u>	<u>Due Date</u>
First	January 1 – March 31	May 1, 2002
Second	April 1 – June 31	August 1, 2002
Third	July 1 – September 20	November 1, 2002
Fourth	October 1 – December 31	February 1, 2003

Because the Department's *Flex Your Power – Efficiency Campaign* was approved for implementation beginning April 1, 2002, there was no program activity in the first quarter of 2002. Thus, no report will be submitted. However, the Department will submit quarterly reports on program activity for the second, third and fourth quarters in accordance with the schedule listed above. The scope of the quarterly reports will follow the CPUC Energy Division's revised Reporting Requirements Manual (RRM2), which has not yet been issued. Based on input from the CPUC Energy Division, the Department expects the quarterly reports to include the following information:

- Program budget
- Year to date expenditures
- Narrative of program activities

The narrative will include an explanation of when and where efficiency ads were placed in the past quarter. Additionally, Grey Worldwide will produce a "post buy analysis" of each of the media buys. This analysis will include specific information on reach and frequency for each of the media buys. Such reports are generated approximately 90 days after advertisements are aired. The Department will forward a summary of the post buy analyses to the CPUC in March 2003, which will allow for time to analyze the fall ads.

2.3 - Marketing and Outreach

The Department submitted a proposal to supplement the ongoing *Flex Your Power* conservation campaign with \$10 million in CPUC grant funds. Due to reduction in funds awarded to the Department and the change in target audience and message (see *Change in Message and Market* section) the Department has modified the media plan.

Additionally, the timing of the campaign has been modified from late spring and early summer of 2002 to spring, summer and fall of 2002. The following elements have been eliminated from the proposed media plan:

- Cable spots in Los Angeles and San Francisco
- Hispanic television
- Hispanic radio
- Teen television
- Radio traffic
- Television and radio sponsorships and billboards
- Community events and remotes
- Weather.com

Overall, the marketing plan for the efficiency campaign includes three messages focused on energy efficient products to air in the spring, summer and fall of 2002. Each of the efficiency messages will air for three weeks via television and radio, and to a lesser degree in print ads. Markets include the general market television, radio and print; Asian television, radio and print; African American print; and Hispanic print. The detailed media plan is attached.

2.4 - Objectives

The *Flex Your Power – Efficiency Campaign* will reach 95% of the audience an average of 28.4 times, as stated in the Department’s proposal.

An additional program objective is to conduct a coordinated marketing plan that includes television commercials, radio commercials and print ads in three distinct campaigns that promote energy efficient products.

The Department's proposal identified short- and long-term program objectives. The short-term objective was to maintain average conservation levels at 8%. The stated long-term objective of the overall *Flex Your Power* campaign was to convince Californians that the conservation of electricity should be an integral and important part of their everyday life. Neither of these objectives applies to the efficiency campaign funded by the CPUC because the efficiency messages are only a part of the overall *Flex Your Power* campaign.

2.5 - Timeline

Timing of campaign activities is listed below:

May 6 - 24, 2002 - Spring campaign

May 20, 2002 – Program Implementation Plan due to CPUC

June 30, 2002 – Information on PUC-funded efficiency programs posted on the Internet

August 1, 2002 – Second Quarter Report due to CPUC

August 5 – 23, 2002 – Summer campaign

October 7 – 25, 2002 – Fall campaign

November 1, 2002 – Third Quarter Report due to CPUC

November 30, 2002 – Online information on CPUC-funded efficiency programs updated

February 1, 2003 – Fourth (final) Quarter Report due to CPUC

March 15, 2003 – Report on post buy analyses due to CPUC

3. Revising energy and peak demand savings targets, as well as per-unit energy savings and unit-count projections, as applicable.

This section does not apply to the statewide marketing and outreach programs.

4. Revised cost-effectiveness calculations, as applicable.

This section does not apply to the statewide marketing and outreach programs.

5. For information-only programs with no energy savings targets, other objective measures for evaluating program progress.

Verification

The Department's advertising agency for the *Flex Your Power* campaign, Grey Worldwide, will use the common media measures of reach and frequency to determine what portion of the population is being reached by the advertisements and how many times the ads have been seen by that population. The projected reach and frequency anticipated to result from the proposed *Flex Your Power – Energy Efficiency* campaign is to reach 95% of the audience an average of 28.4 times.

Additionally, Grey Worldwide will convene consumer focus groups throughout the state to provide qualitative data and direct feedback from consumers. This qualitative data is used to test and, if necessary, modify the campaign messages and to evaluate the consumer's level of advertisement recall and recognition. Due to short turn around times, the ads running in the spring will not be the subject of focus group studies.

The CEC is conducting a study of electricity conservation and has agreed to work with the Department and Univision to incorporate questions regarding efficiency into the study surveys. The Department and Univision will work with CEC and its research contractor, Washington State University, to enhance that study's relevance to energy efficiency by identifying ways in which the study can incorporate the Department's interests.

According to preliminary discussions, CEC will build questions into its survey tool that measure the increase in awareness of energy efficiency rebate programs among Californians. CEC has advised the Department that, in all probability, final results of the planned research project will not be available before 2003.

The Department's proposal refers to the Ad Tracker measurement system, which measures key attitudes, behaviors, and behavioral intentions among all Californians before specific interventions roll out over the course of the campaign. Since the research was focused on attitudes toward conservation, not purchasing energy efficient products, the Ad Tracker system is ineffective for measuring the *Flex Your Power - Efficiency Campaign*. Thus, the Department will not use the Ad Tracker system to verify the efficiency component of the *Flex Your Power* campaign.

The Department also proposed to document the impact of the overall *Flex Your Power* campaign via CEC measurements of reduction in peak demand and overall energy use. Such measurements pertain to the overall *Flex Your Power* campaign, not the PUC funded efficiency messages; therefore, the Department will not use energy reduction statistics to measure the success of the efficiency campaign.

6. Hard-to-reach targets and goals. Where this decision does not specify such targets and goals, the program implementer should define them in its Plan. Where this decision specifies such targets, they should appear in the Plan.

The CPUC has defined hard-to-reach customers as, “those who do not have easy access to program information or generally do not participate in energy efficiency programs due to language, income, housing type, geographic, or home ownership (split incentives) barriers. These barriers are defined as:

- 1) Language – primary language spoken is other than English, and/or
- 2) Income – those customers who fall into the moderate income level (income levels less than 400% of federal poverty guideline), and/or
- 3) Housing type – multi-family and mobile home tenants, and/or
- 4) Geographic – residents of areas other than the San Francisco Bay Area, San Diego area, Los Angeles Basin or Sacramento, and/or
- 5) Homeownership (renters).”

Although the CPUC did not establish goals for hard-to-reach targets for the statewide marketing program, the Department proposes to reach the identified hard-to-reach targets with a sweeping campaign that will include the Asian, Hispanic and African American populations through the planned television, radio and print buys.

The CPUC selected Univision for media outreach to the Spanish-speaking population, therefore, the Department has eliminated plans to reach the Spanish-speaking community via television and radio. However, Univision does not plan to conduct any print advertising, so the Department will direct advertising to the Spanish-speaking market via community newspapers. In addition to Spanish-speaking customers, the Department intends to reach consumers who speak Chinese, Korean and Vietnamese. Following is a summary of the non-English component of the campaign:

- 30 second television spots in Asian television markets for 9 weeks
- 60 second radio spots in Asian radio markets for 8 weeks
- Three full-page print insertions in Asian market community newspapers (Chinese, Korean, and Vietnamese)
- Three full-page print insertions in Hispanic market community newspapers

African American targets are represented in the planned general market television buys, therefore the media plan does not call for purchasing television spots in African American markets. However, the Department will place full-page print insertions in African American market community newspapers in the spring and summer.

7. Budget (in the format and following the guidelines set forth in the following section and in Attachment 6 to the decision).

See attached budget for the *Flex Your Power – Efficiency Campaign*.

PROPOSED BUDGET FORMAT FOR IMPLEMENTATION PLAN

Revised 5/17/02

Titles (e.g., Activity Type A) under Main Categories (e.g., Labor, etc.) may be changed and expanded or contracted in number, but itemization should be maintained to an equivalent degree, and Main Categories (e.g., Labor, as set out in Policy Manual) are to be included as are. If the Category cost is \$5000 or less, further itemization is not required. **The following is the proposed budget template.**

DEPARTMENT OF CONSUMER AFFAIRS**Flex Your Power - Efficiency Campaign****Program Budget**

Item	\$	Methodology for Allocation (Footnote if necessary)	Percentage of Total Program Budget
Administrative Costs			
Labor			
Type A - Program Planning/Design/Program Mgmt.*	\$ 39,956	Salaries and % of ee time	0.5%
Type B - Mgmt./Supervisor/Admin.*	19,780	Salaries and % of ee time	0.2%
Subtotal Labor	59,736		0.7%
Benefits			
Pensions & Benefits	20,162	Cost allocation formula provided by DOF	0.3%
Payroll Taxes	-		0.0%
Subtotal Benefits	20,162		0.3%
Overhead			
Type A - Corporate Services			0.0%
Type B - Transportation Services, Shop Services	-		0.0%
Type C - Information Technology	19,000	100 programming hours @ \$100/hr. Page maintenance 15 hrs/month @ \$100/hr. for 6 mos.	0.2%
Type D - Procurement and Material Management	-		0.0%
Subtotal Overhead	19,000		0.2%
Travel/Conference/Training			
Type A - Mileage and Parking	1,500		0.0%
Type B - Other - Meals, lodging, misc. expenses	3,500		0.0%
Type C - Conference/Training Activities			0.0%
Subtotal Travel costs	5,000		0.1%
Reporting/Tracking/Development	-		0.0%
	11,078	Printing, postage, etc. + standard OE&E calculations	0.1%
Materials & Handling			0.1%
General and Administrative Costs			
Type 1 - Regulatory Support	35,007	Legal (actual hrs+projected hrs.)	0.4%
Type 2 - Accounting Support	9,000	Standard pro-rata calculation	0.1%
Type 3 - Communications/Automated Systems Support	5,000	Standard pro-rata calculation	0.1%
Type 4 - Human Resources Support	1,000	Standard pro-rata calculation	0.0%
Contingency/Reserves	190,592		2.4%
IOU Administrative Fee	201,425	2.5% of total budget	2.5%
Subtotal General and Administrative Costs	453,102		5.6%
Subcontractor Administrative costs (administrative only, report other subcontractor costs in the appropriate category)		Provide total subcontractor costs (if have more than one)	
Labor	294,625		3.7%
Benefits	35,355		0.4%
Overhead	259,270		3.2%
Travel costs	2,000		0.0%
Reporting costs	22,500		0.3%
Materials & Handling	5,000		0.1%
General and Administrative costs	100,000		1.2%
Subtotal Subcontractor Administrative costs	718,750		8.9%
Profit Margin	(54,053) **		-0.7%
Total Administrative Costs	664,697		8.2%
Marketing/Advertising/Outreach Costs			
Type A - Brochures/Booklets	-		
Type B - Media Support	6,835,303	Based on contract with Grey Worldwide.	84.8%
Type C - Outreach	-		
Total Marketing/Advertising/Outreach Costs	6,835,303		84.8%

PROPOSED BUDGET FORMAT FOR IMPLEMENTATION PLAN

Revised 5/17/02

Direct Implementation Costs

Itemized financial incentives	-		0%
· E.g., 100 water heaters @ \$75 each	-		0%
Subtotal Financial Incentives	-		0%
Itemized installation costs	-		0%
· E.g., 100 14 SEER Central AC units	-		0%
@ \$2000 each (installed)	-		0%
Subtotal Installation costs	-		0%
Itemized activity costs	-		0%
· E.g., 100 walk-through audits @ \$500 each	-		0%
Subtotal Activity costs	-		0%
Rebate Processing/Inspection	-		0%
Total Direct Implementation costs	-		0%

Evaluation, Measurement and Verification Costs

Labor	-	Verification costs are included in labor costs identified above and also in Marketing Section.	0%
Utility EM&V labor	-		0%
Subtotal EM&V Labor	-		0%
Benefits	-		0%
Pensions & Benefits	-		0%
Payroll Taxes	-		0%
Subtotal Benefits	-		0%
Overhead	-		0%
Type A - Corporate Services	-		0%
Type B - Transportation Services, Shop Services	-		0%
Type C - Information Technology	-		0%
Type D - Procurement and Material Management	-		0%
Subtotal EM&V Overhead	-		0%
Travel/Conference/Training costs	-		0%
Type A - Mileage and Parking	-		0%
Type B - Other - Meals, lodging, misc. expenses	-		0%
Type C - Conference/Training Activities	-		0%
Reporting costs	-		0%
Report 1 (consultant cost)	-		0%
Report 2 (consultant cost)	-		0%
Subtotal EM&V Reporting Costs	-		0%
Materials & Handling	-		0%
General and Administrative costs	-		0%
Type 1 - Regulatory Support	-		0%
Type 2 - Accounting Support	-		0%
Type 3 - Communications/Automated Systems Support	-		0%
Type 4 - Human Resources Support	-		0%
Subtotal General and Administrative costs	-		0%
Total Evaluation, Measurement and Verification Costs	-		0%

Other Costs

Itemized, may include:			
· Profit	-		0.0%
Less Costs Not Charged to this Program (e.g., benefits recovered by alternate means, as noted above)	-		
Budget Grand Total	8,057,000		100.0%

Notes -

Administrative costs shown above are consistent with the cost categories defined by the EE Policy Manual. However, these costs categories are not intended to be consistent with other CPUC manuals such as the Standard Practice Manual, Reporting Requirements Manual, etc. Administrative costs related to Marketing, Implementation, and EMV costs are categorized under Administrative Cost category.

* Figure includes payroll taxes.

** CPUC funded campaign is a small portion of the overall FYP campaign & has benefited from the volume discount negotiated for the larger campaign. The contract between DCA & Grey Worldwide is based on higher level media billings & lower commission, which explains the loss reported by Grey.

**FY 02/03 Public Utilities Commission
Flex Your Power - Efficiency Campaign
Media Plan**

2002																																													
April				May				June					July				August				September					October				November			December					TRPs/ Units	Total \$ (Client Gross)						
1	8	15	22	29	6	13	20	27	3	10	17	24	1	8	15	22	29	5	12	19	26	2	9	16	23	30	7	14	21	28	4	11	18	25	2	9	16	23	30						